



California
Business
Properties
Association



July 12, 2013

TO: California Energy Commission
Dockets Unit, MS-4 (docket@energy.ca.gov)

FR: California Business Properties Association
Building Owners and Managers Association

RE: Comprehensive Energy Efficiency Program for Existing Buildings (AB 758)
Draft Action Plan Comments (Docket 12-EBP-1)



On behalf of California Business Properties Association and Building Owners and Managers Association of California (BOMA California) I am pleased to submit the following comments regarding the Comprehensive Energy Efficiency Program for Existing Buildings (AB 758) Draft Action Plan.

CBPA serves as the California legislative and regulatory advocate for individual companies as well as the International Council of Shopping Centers (ICSC), the California Chapters of the Commercial Real Estate Development Association (NAIOP), the Institute of Real Estate Management (IREM), the California Downtown Association (CDA), the Retail Industry Leaders Association (RILA), ACRE of Northern California, and ACRE of Southern California representing over 11,000 companies.

BOMA California is a federation of all eight metropolitan BOMA local associations in the state and serves as the collective membership's legislative and regulatory advocate. BOMA California represents more than 1,600 companies in the commercial real estate industry.

Our organizations worked on the originating legislation and supported its signature by Governor Schwarzenegger. The bill directed the Energy Commission (CEC) to establish a regulatory proceeding designed to help achieve a greater energy savings in the state's existing residential and non-residential building stock.

It should be acknowledged that California's policy in this area, as reflected in the state's building code (Part 6, Title 24), is far more progressive than the rest of the nation. By some estimates California buildings - when built to just the baseline standards - are up to 40% more efficient than buildings in other states. We point this out not to argue that we should not continue to become more efficient, but to assure that past progress is recognized and to set the context that we support continued progress towards increasing building efficiencies through market-based approaches.

In general, we are pleased with the substance of the report; it serves as a good guide noting barriers that need to be overcome and incentives/strategies that could be adopted for existing buildings as we continue to build new efficient buildings and move to adopt and incorporate all manner of "green" technologies and management practices.

We hope to work with the CEC to develop information and tools that can be used to educate and further incentivize energy efficiency in existing buildings. Our members have a lot of expertise in this area and we would like to work with you to advance and disseminate knowledge.

Most of the professional organizations affiliated with our organizations offer programs for their members meant to encourage green building and management practices that CEC staff may find helpful. To wit, the Building Owners and Managers Association has a very successful Green Lease program as well as the BOMA 360 program, has signed MOUs with the Clinton Climate Initiative, the Green Building Initiative (“Green Globes”), U.S. Green Building Council (“LEED”), and has completed a very successful “7-Point Challenge” to its members which encouraged energy efficiency and green building improving efficiencies and reducing their carbon footprint. Additionally, BOMA has formed a partnership with SoCal Edison to encourage and educate companies about how to become more energy efficient.

Other examples include NAIOP California, which has adopted a Sustainable Development Policy as well as a Green Task Force, which recognizes members in this area with a “Green Development Award,” provides information to members via its “Green Development News,” and has put on several educational events including the upcoming DevelopGREEN Conference.

ICSC maintains a strong commitment to sustainability and hosts a week-long meeting each year with a primary focus on design and construction of sustainable buildings (CenterBuild and RetailGreen). ICSC is currently working on a sustainability benchmarking system specifically for multi-tenant retail shopping centers. In addition, ICSC has worked with numerous public and private entities over the years in its ongoing effort to improve both the energy efficiency performance of retail properties and the effectiveness of benchmarking and rating systems. These efforts include working with EPA Energy Star, DOE CBECS and USGBC LEED in the United States. ICSC also worked with the BRI’s staff to develop a European-centric BREEAM rating system for retail properties in the EU.

These are just a few examples of the activities that are happening within the industry to assure that our companies are educated about the benefits of sustainable building and have the tools needed to be successful.

We were pleased to have multiple members participate in all the workshops last week and appreciate the opportunity to comment on the Comprehensive Energy Efficiency Program for Existing Buildings Draft Action Plan. At this point, until there is more specific language to react to, we would like to provide the following general comments:

- Work more closely with commercial real estate professional groups that have practical experience making existing building more efficient. Energy represents the single largest controllable operating expense for office buildings, typically a third of variable expenses. Because of this, Commercial Real Estate groups already have many programs targeted towards making existing buildings more efficient.
- Recognize that there is not a “one-size-fits-all” strategy for non-residential real estate. In the past, focus has been placed on using single tenant Class-A buildings as the model for regulations. Commercial real estate is extremely diverse ranging from office buildings to shopping malls to industrial properties. As we have seen in the implementation of AB 1103 not recognizing the significant differences in these buildings and lease types creates confusion, inefficaciousness, and unnecessary inertia.

- Recognize that there are issues managing multi-tenant buildings that do not exist in single tenant and/or owner occupied buildings, and do not try to force impractical specific building management or investment strategies.
- Recognize the responsibility of building owners/managers to manage the building envelop; But also acknowledge the responsibility of tenants to manage plug-load. Commercial real estate owners/managers cannot become the state's enforcement tool to reduce tenant energy usage in their leased space.
- Acknowledge that the Legislature removed the statewide "time-of-sale" energy efficiency upgrade mandate from AB 758, and do not try to revise it in the regulations. Time-of-sale/lease/refinance upgrades for commercial buildings can create a multitude of legal/leasing/management issues that are not easily or inexpensively overcome.
- Strategies must be cost-effective and technologically feasible in order to be widely adopted. The CEC should also recognize that a realistic return on investment time period is shorter for property owners than it is for some who advocate radical change via regulation.
- Use the "Carrot-then-Stick" approach. Utilize incentives first and reserve mandates as a last resort. As part of the former approach, work with our industry to implement scalable pilot programs.
- Resolve data privacy issues with the CEC and utilities. As was discussed at every single workshop, access to energy usage data is key to helping the commercial real estate industry make existing buildings more efficient. Often due to the structure of the lease, the building owner does not have access to energy information.
- Please steer clear of mandating specific technologies and focus on performance standards.
- Refer to the CEC report entitled "AB 2160 GREEN BUILDING REPORT" (January 2008/CEC-400-2008-005-CMF) and pay particular attention to "CHAPTER 4: Commercial Sector: Obstacles and Incentives for Private Sector Commercial Building Energy and Resource-Efficient (Green Building) Projects." Six years ago this report did a good job of identifying many of the "market barriers" to adoption of Energy Efficient technology and management. Many of these obstacles have yet to be addressed.

The following are suggestions from our industry, some of which we have shared with the CEC before. However, we hope these specific strategies will be seriously considered to further advance the shared goal of creating more sustainable buildings:

Support for Carbon Credits under AB 32. Under the state's landmark carbon reduction law, AB 32, the CEC could support carbon credits and trading for energy efficient buildings. As an incentive to make buildings more efficient, the CEC could support a system for companies to receive credit for their investments.

Provide Funding for Convenient Training and Education of Building Owners and Managers. Provide funding for training of private sector building managers to increase their knowledge of how to more effectively manage energy efficient buildings.

Support Voluntary Submetering. CEC should support expansion of submetering to all areas of the state and support a program that will assist tenants and building owners to implement energy saving programs.

Better Enable Benchmarking Program. Building owners can improve the energy performance of buildings by benchmarking to track changes in energy usage over time and to compare buildings. California now requires commercial building owners get their properties benchmarked using the EPA Energy Star system. However, recent adopted regulations are cumbersome, assume all data is available to building owners, and have unnecessary data reporting requirements. Furthermore, this system does not adequately recognize the differences in tenant operations; i.e. light manufacturing versus dry storage.

Assistance for Retro Commissioning of Private Sector Buildings. Retro Commissioning is a systematic process that helps building owners figure out how to operate a building's HVAC system and integrated building controls at peak performance. Retro Commissioning building systems can provide significant benefits such as improving occupant comfort, reducing energy cost, improving Indoor Air Quality, enhancing building operations, and extending equipment life. The CEC could provide funding assistance and educational materials to encourage more companies to voluntarily Retro Commission their buildings.

Support the BSC Green Building Codes Adoption Process. Assure that the Green Building Codes are cost effective and do not conflict with other areas of the codes, especially health and safety measures. This process will increase the baseline sustainability of all buildings in the state.

Form Partnerships with Professional Real Estate Associations to provide ongoing communication with Practitioners. CEC should form formal partnerships with professional associations from the real estate industry to advance education and dissemination of information. Noted above are multiple voluntary programs already in place and showing success.

Tax Credit. Support the establishment of a state tax credit for energy efficiency and/or water conservation measures for new retrofits.

Certified "California Green Building" Label. Develop a voluntary "branding" label for construction that exceeds California Energy Code/Green Building Code by a certain percentage. For example, a building that exceeds CEC energy standards and Title 24 Green Building Standards meeting the Tier I standards could be recognized as a "California Green Building."

Green Building Incentives List. The CEC could lead an effort to work with other state agencies, local government groups and private industry to develop a comprehensive list of federal, state and local incentives (financial and non-financial) for green building/energy efficiency measures.

Funding for BSC Green Building Development & Education. Support a legislative proposal to increase funding dedicated to the BSC for research, development, and education on building codes with emphasis on green building measures.

SB 1 commercial offset program. Develop more administrative options that promote the voluntary installation of PV solar energy on non-residential sites wherein all (or some portion) of the power generated can be used in the residential sector.

Support Full Net Metering. Assure that companies that are generating power onsite and sending excess to the grid are fully compensated for that energy generation.

Energy & Water Conservation Audits. Promote energy efficiency and water conservation audits for existing buildings.

We hope you find these comments helpful and we look forward to advancing the goal of increasing the energy efficiency of new and existing buildings in the State of California.

If you have any questions or comments regarding our views, please feel free to call me at 916-443-4676 or email mghargrove@cbpa.com.

CBPA and BOMA California thank you for your consideration of our views and for your continued hard work on this important issue.

Respectfully,



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